



ECONOMIC DEVELOPMENT AUTHORITY AGENDA
Wednesday, August 8, 2012
Immediately Following Regular Meeting
Coon Rapids City Center
Council Chambers

Call to Order

Roll Call

Approval of Minutes of Previous Meetings

June 19, 2012 EDA Regular Meeting

New Business

1. Economic Development Assistance Package for Windfall Medical, LLC, 3789 Coon Rapids Boulevard:
 - a. Cons. Resolution EDA 12-3 Authorizing Expenditure of Tax Increments from Tax Increment District 1-6
 - b. Authorize the Chair and Secretary to Execute a Contract for Private Development

Other Business

Adjourn



EDA Regular

Meeting Date: 08/08/2012

SUBJECT: Approval of Minutes of Previous Meetings

Attachments

6-19-12 EDA Meeting

UNAPPROVED

ECONOMIC DEVELOPMENT AUTHORITY MEETING OF JUNE 19, 2012

A meeting of the Coon Rapids Economic Development Authority was called to order by President Tim Howe at 8:04 p.m. on June 19, 2012 in the Council Chambers.

Members Present: President Tim Howe, Commissioners Melissa Larson, Paul Johnson, Jerry Koch, Bruce Sanders, and Scott Schulte

Members Absent: Commissioner Denise Klint

CALL TO ORDER

President Howe called the meeting to order at 8:04 p.m.

ROLL CALL

Commissioner Klint was absent.

APPROVE MINUTES OF EDA SPECIAL MEETING OF FEBRUARY 14, 2012

MOTION BY COMMISSIONER SCHULTE, SECONDED BY COMMISSIONER LARSON, TO APPROVE THE FEBRUARY 14, 2012, SPECIAL MEETING MINUTES AS PRESENTED. THE MOTION PASSED UNANIMOUSLY.

1. ECONOMIC DEVELOPMENT ASSISTANCE FOR AUTUMN GLEN SENIOR LIVING, LLC, 3701 COON RAPIDS BOULEVARD

The EDA is asked to consider an economic development assistance package for Autumn Glen Senior Living, LLC for construction of a 100-unit senior housing project at 3707 Coon Rapids Boulevard.

Autumn Glen Senior Living proposes constructing a 100-unit senior housing campus, including 32 independent living units, 36 assisted living units, and 32 memory care units on the former Frank's Nursery site at 3707 Coon Rapids Boulevard. Autumn Glen submitted an application to the City for tax-increment financing to assist with project costs. Staff has reviewed the application and project pro forma and believes that the project is an appropriate candidate for financial assistance. The project involves demolishing the vacant Frank's Nursery building and is located in a designated redevelopment area, Port Wellness. While the Council approved site plan for this project in August 2011, the developer had not secured sufficient equity and financing until recently.

Staff believes that Autumn Glen's project is a good candidate for financial assistance because:

- The project involves redevelopment of a vacant and unsightly building in an identified redevelopment area, Port Wellness.
- It will create both permanent jobs and temporary construction jobs.
- It meets the City's housing goals with respect to adding senior housing units and providing a variety of housing types.

In 2011, the Council approved a \$420,000 economic development grant funded by existing cash balances in tax increment financing (TIF) districts to facilitate the \$19 million construction project. Staff proposed that the original grant would be funded using a temporary provision in TIF law approved by the State Legislature in 2010. This provision allowed for the use of cash balances in TIF districts to be used for loans and assistance for any project that creates jobs. Because the construction deadline for using this provision has passed, Staff proposes using a different mechanism for providing a \$420,000 economic development grant. Because the development site is located within TIF Project Area No. 1, State TIF law allows for use of existing cash balances in existing districts for development projects that would not occur "but for" the assistance. Staff proposes using funds from TIF District 1-6, which was the proposed source for the original grant. This grant will cover costs associated with demolishing the existing Frank's Nursery building, site preparation, and utility work. The proposed uses of funds are eligible expenditures under the budget for District 1-6. Staff feels that this type of grant is a better type of financial assistance than establishing a new tax-increment financing district. While both types of assistance can provide the same level of funding, the grant provides the developer with cash up front, rather than over time. Also, the grant same level of funding, the grant provides the developer with cash up front, rather than over time. Also, the grant requires much less administration than a new tax-increment district, which results in lower costs for the City. To be clear, no new increment will be generated.

At its June 19 meeting, the City Council considered and adopted Resolution 12-77 authorizing the EDA to make a grant to Autumn Glen Senior Living. The EDA is asked to hold a public hearing and consider a Contract for Private Development. No funds will be disbursed until the Contract has been executed and Autumn Glen submits documentation of costs it incurs. If Autumn Glen does not complete the project or create the required number of jobs, the grant proceeds must be returned. The Contract stipulates these terms.

Funding for the assistance will come from TIF District 1-6. These funds have limited uses. There is no budget impact to City's the general fund.

Staff recommends that the EDA:

- a. Hold public hearing.
- b. Adopt Resolution EDA 12-2 authorizing expenditure of tax increments from Tax Increment District 1-6.
- c. Authorize the Chair and Secretary to execute a Contract for Private Development between the EDA and Autumn Glen Senior Living, LLC.

As no one appeared, President Howe opened and closed the public hearing at 8:07 p.m.

MOTION BY COMMISSIONER SCHULTE, SECONDED BY COMMISSIONER SANDERS, TO ADOPT RESOLUTION EDA 12-2 AUTHORIZING THE EXPENDITURE OF EXCESS TAX INCREMENTS FROM TAX INCREMENT DISTRICT 1-6; AUTHORIZE THE CHAIR AND SECRETARY TO EXECUTE A CONTRACT FOR PRIVATE DEVELOPMENT FOR AUTUMN GLEN SENIOR LIVING, LLC, 3707 COON RAPIDS BOULEVARD.

THE MOTION PASSED UNANIMOUSLY.

OTHER BUSINESS

There was no other business to come before the EDA.

ADJOURN

MOTION BY COMMISSIONER SCHULTE, SECONDED BY COMMISSIONER LARSON, TO ADJOURN THE JUNE 19, 2012, EDA MEETING AT 8:08 P.M. THE MOTION PASSED UNANIMOUSLY.

Respectfully submitted,

Cathy Sorensen
City Clerk



EDA Regular

1.

Meeting Date: 08/08/2012

Subject: Economic Development Assistance Package for Windfall Medical, LLC, 3789 Coon Rapids Boulevard

From: Matt Brown, Community Development Specialist

INTRODUCTION

The EDA is asked to consider an economic development assistance package for Windfall Medical, LLC for construction of a 32,000 square foot medical office building at 3789 Coon Rapids Boulevard.

DISCUSSION

Project Summary

Windfall Medical, LLC proposes constructing a 32,000 square foot medical office building on the former McKay Lincoln-Mercury car dealership site at 3789 Coon Rapids Boulevard. North Suburban Eye Specialists, which is currently located at 3790 Coon Rapids Boulevard, would be the primary tenant in the building. The Planning Commission recommended approval of a site plan for the project on July 19, which the Council will consider at its August 8 meeting. Windfall Medical submitted an application to the City for tax-increment financing to assist with project costs. Staff has reviewed the application and project costs and believes that the project is an appropriate candidate for financial assistance. The project involves demolishing the vacant car dealership building and is located in a designated redevelopment area, Port Wellness. The site is located adjacent to the vacant Frank's Nursery building, which is scheduled for demolition and redevelopment as a senior housing facility. The EDA approved financial assistance for that project in June 2012. Staff has worked with the developer and current property owner to assess the site's environmental conditions using the City's Brownfields Assessment Grant from the EPA. While no significant soil contamination was found, the site's historic uses and a past petroleum release from an underground storage tank have triggered certain state environmental requirements. EPA grant funds will be used to prepare a Development Response Action Plan to minimize delays and reduce costs if contamination is found during development.

Proposed Financial Assistance

Staff believes that the Windfall Medical project is a good candidate for financial assistance because: project involves redevelopment of a vacant and unsightly building in an identified redevelopment area, Port Wellness, and will create both permanent jobs and temporary construction jobs. Staff proposes providing a \$400,000 economic development grant using pooled TIF funds from TIF District 1-6. Because the development site is located within TIF Project Area No. 1, State TIF law allows for use of existing cash balances in existing districts for development projects that would not occur "but for" the assistance. This grant will cover costs associated with demolishing the existing car dealership building, site preparation, and utility work. The developer estimates the cost of preparing the site for development at \$695,000 and the total project cost at \$6,000,000. The proposed uses of funds are eligible expenditures under the budget for District 1-6. Staff feels that this type of grant is a better type of financial assistance than establishing a new tax-increment financing district. While both types of assistance can provide the same level of funding, the grant provides the developer with cash up front, rather than over time. Also, the grant

requires much less administration than a new tax-increment district, which results in lower costs for the City. It is also unlikely that the existing car dealership building is sufficiently blighted to qualify for inclusion in a new redevelopment TIF district.

At its August 8 meeting, the City Council will consider Resolution 12-86 authorizing the EDA to make a grant to Windfall Medical. Assuming the Council adopts the resolution, the EDA is asked to consider a Contract for Private Development. No funds will be disbursed until the Contract has been executed and Windfall Medical submits documentation of costs it incurs. If Windfall Medical does not complete the project or meet certain job creation goals, the grant proceeds must be returned. The Contract stipulates these terms.

ALIGNMENT WITH STRATEGIC VISION

This item relates to the **Community Development and Redevelopment** section of the 2030 Strategic Vision in the following way:

The project will grow the City's economic base and encourage redevelopment of blighted property.

RECOMMENDATION

Staff recommends that the EDA:

- a. Adopt Resolution EDA 12-3 authorizing expenditure of tax increments from Tax Increment District 1-6.
- b. Authorize the Chair and Secretary to execute a Contract for Private Development between the EDA and Windfall Medical, LLC.

Fiscal Impact

BUDGET IMPACT:

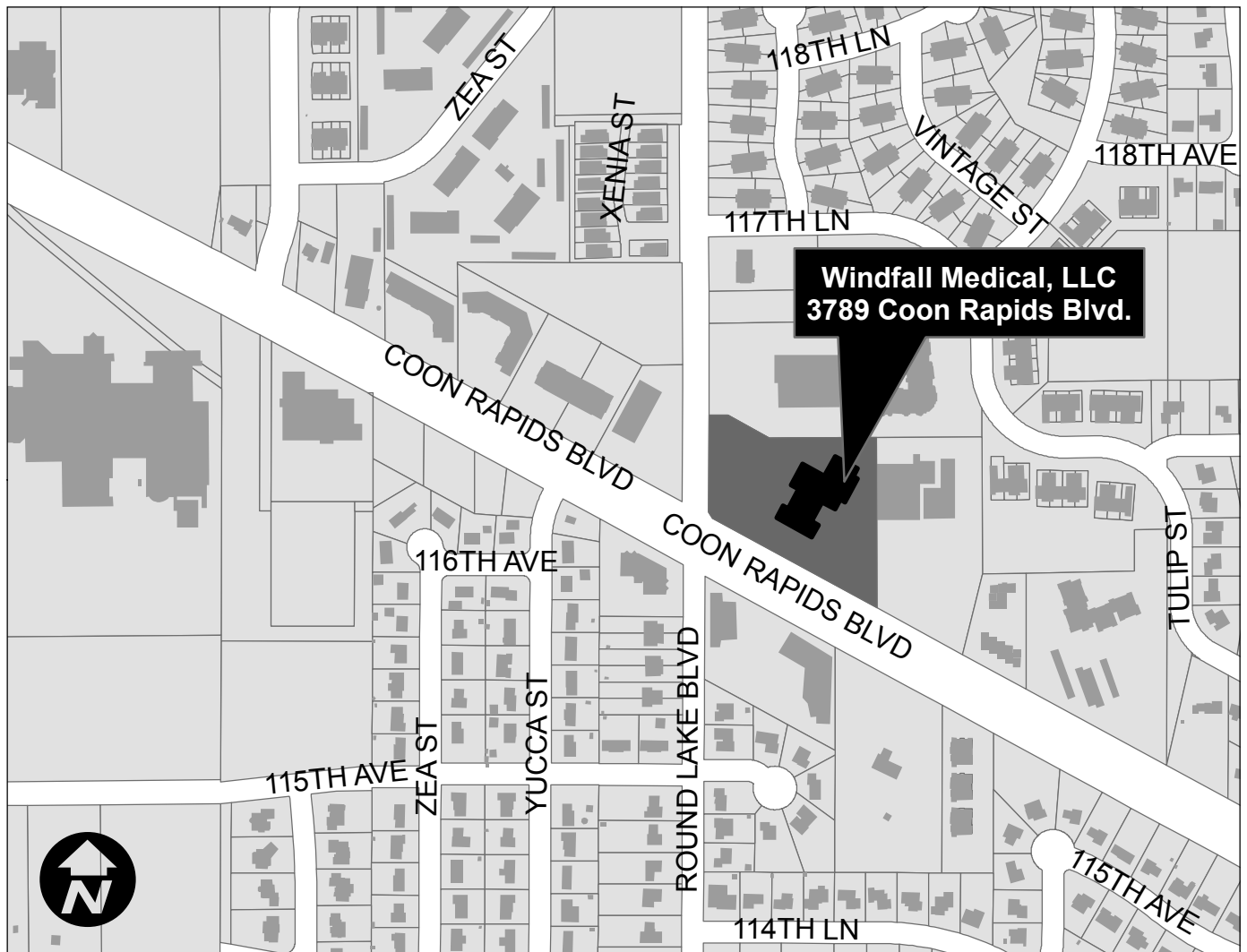
Funding for the assistance will come from TIF District 1-6. These funds have limited uses. There is no budget impact to City's the general fund.

Attachments

Location Map

Resolution EDA 12-3

Contract for Private Redevelopment



RESOLUTION EDA 12-3

**RESOLUTION AUTHORIZING THE EXPENDITURE OF EXCESS TAX INCREMENTS
FROM TAX INCREMENT FINANCING DISTRICT 1-6 FOR REDEVELOPMENT PROJECT
BY WINDFALL MEDICAL, LLC**

WHEREAS, the budget of tax increment financing district 1-6 allows for eligible expenditure of tax increments to facilitate private redevelopment of blighted property; and

WHEREAS, Windfall Medical, LLC proposes constructing a 32,000 square foot medical office building at 3789 Coon Rapids Boulevard; and

WHEREAS, construction of this project aligns with the City's goals and objectives of encouraging redevelopment of blighted property and creating and retaining health care jobs; and

WHEREAS, Windfall Medical, LLC is financing \$5,600,000 of the project; and

WHEREAS, additional assistance from the City is necessary to fully fund the required improvements and the project would not occur but for the assistance; and

WHEREAS, the City gave notice of a public hearing before the City Council regarding the expenditure of the tax increment on July 27, 2012 and held the public hearing at its meeting on August 8, 2012.

NOW THEREFORE, BE IT RESOLVED by the Economic Development Authority in and for the City of Coon Rapids, to expend tax increments in the form of a grant in the amount of \$400,000 from Tax Increment Financing District 1-6 for the purpose of constructing a 32,000 square foot medical office building at 3789 Coon Rapids Boulevard, creating at least 5 jobs, and retaining at least 45 jobs.

Adopted this 8th day of August, 2012.

Tim Howe, Chair

ATTEST:

Denise Klint, Secretary

CONTRACT FOR PRIVATE REDEVELOPMENT

THIS CONTRACT FOR PRIVATE REDEVELOPMENT is made and entered into as of the _____ day of _____, 2012, by and between the Economic Development Authority in and for the City of Coon Rapids, a Minnesota political subdivision (the "Authority"), Windfall Medical, LLC, a Minnesota Limited Liability Company (the "Developer"), and North Suburban Eye Specialists, LLP, a Minnesota Limited Liability Partnership (the "Tenant").

ARTICLE 1

Definitions

Section 1.1. Definitions. In this Agreement, unless a different meaning clearly appears from the context:

"Act" means the Economic Development Authority Act, Minnesota Statutes, Sections 469.090 to 469.108, as amended.

"Authority" means The Economic Development Authority in and for the City of Coon Rapids.

"Benefit Date" means the date a certificate of occupancy is issued for the Development Property, but no later than December 31, 2013.

"Business Subsidy Act" means the Minnesota Business Subsidy Act, Minnesota Statutes, Sections 116J.993 to 116J.995, as amended.

"City" means the City of Coon Rapids, Minnesota.

"Construction Plans" means the land use approvals and the plans, specifications, drawings and related documents on the construction work to be performed on the Development Property which a) shall be as detailed as the plans, specifications, drawings and related documents which are submitted to the appropriate building officials of the City, and (b) shall include at least the following for each building: (1) site plan; (2) foundation plan; (3) basement plans; (4) floor plan for each floor; (5) cross sections of each (length and width); (6) elevations (all sides); (7) landscape plan; and (8) such other plans or supplements to the foregoing plans as the Authority may reasonably request to allow it to ascertain the nature and quality of the proposed construction work.

"Development Property" means the real property and improvements thereon located at 3789 Coon Rapids Boulevard in Coon Rapids, Minnesota and legally described as: Tract B, Registered Land Survey No. 90, Anoka County, Minnesota.

"Developer" means Windfall Medical, LLC, a Minnesota Limited Liability Company, or its permitted successors and assigns.

"Grant" means the funds granted by the Authority to Windfall Medical pursuant to this Agreement and as authorized by law.

"Grant Proceeds" means the funds disbursed to Windfall Medical pursuant to this Agreement and any proceeds thereof.

"Minimum Improvements" means Windfall Medical's construction of a 32,000 square foot medical office building and related demolition, soil, site, utility, landscaping, pavement, storm water, and lighting work at the real property located at 3789 Coon Rapids Boulevard, Coon Rapids, MN 55433.

"Tax Increment Act" or "TIF Act" means the Tax Increment Financing Act, Minnesota Statutes, Section 469.174 to 469.1799, as amended.

"Tenant" means North Suburban Eye Specialists, LLP or other tenant approved in writing by the EDA.

"Termination Date" means the later of the date the job creation goals established in Section 4.5 of this Agreement are met or the date the grant funds are repaid in full in the event of default.

ARTICLE 2

Representations and Warranties

Section 2.1. Representations and Covenants by the Authority. The Authority represents that:

- a) The Authority is an economic development authority duly organized and existing under the laws of the State of Minnesota. Under the provisions of the Act and the TIF Act, the Authority has the power to enter into this Agreement and carry out its obligations hereunder.
- b) The Authority will assist the Developer to facilitate development of the Minimum Improvements including but not limited to reasonably cooperating with Windfall Medical in obtaining necessary administrative and land use approvals.
- c) The activities of the Authority are undertaken to encourage redevelopment of an obsolete site, create high-paying jobs, and increase tax base within the City.
- d) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented limited by or conflicts with or results in a breach of, the terms, conditions or provisions of charter or statutory limitation or any indebtedness, agreement or instrument of whatever nature to which the Authority is now a party or by which it is bound, or constitutes a default under any of the foregoing.

- e) The Authority shall promptly advise Windfall Medical in writing of all litigation or claims affecting any part of the Minimum Improvements.

Section 2.2. Representations and Warranties by Windfall Medical. Windfall Medical represents and warrants that:

- a) Windfall Medical is a Minnesota Limited Liability Company organized and in good standing under the laws of the State of Minnesota, is not in violation of any provisions of its bylaws, its partnership agreement or the laws of the State, is duly authorized to transact business within the State, has power to enter into this Agreement and has duly authorized the execution, delivery and performance of this Agreement by proper action of its Board of Directors.
- b) Windfall Medical or its permitted assigns will construct, operate and maintain the Minimum Improvements in accordance with the terms of this Agreement and all applicable local, state and federal laws and regulations (including, but not limited to, environmental, zoning, building code and public health laws and regulations).
- c) Windfall Medical will obtain, in a timely manner, all required permits, licenses and approvals, and will meet, in a timely manner, all requirements of all applicable local, state and federal laws and regulations which must be obtained or met before the Minimum Improvements may be lawfully constructed.
- d) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provisions of any partnership or company restriction or any evidences of indebtedness, agreement or instrument of whatever nature to which Windfall Medical is now a party or by which it is bound, or constitutes a default under any of the foregoing.
- e) Windfall Medical shall promptly advise the Authority in writing of all litigation or claims affecting any part of the Minimum Improvements and all written complaints and charges made by any governmental authority materially affecting the Minimum Improvements or materially affecting Windfall Medical or its business, which may delay or require changes in construction of the Minimum Improvements.
- f) The proposed redevelopment and construction of the Minimum Improvements on the Development Property hereunder would not occur but for the financial assistance being provided by the Authority hereunder.

ARTICLE 3

Construction of the Minimum Improvements

Section 3.1. Construction of Minimum Improvements. Windfall Medical agrees that it will construct or cause construction of the Minimum Improvements on the Development Property, in

accordance with approved Construction Plans will operate, maintain, preserve and keep the respective components of the Minimum Improvements or cause such components to be operated, maintained, preserved and kept with the appurtenances and every part and parcel thereof, in good repair and condition.

Section 3.2. Construction Plans.

- a) Generally. Before commencing construction of the Minimum Improvements, Windfall Medical shall submit to the Authority Construction Plans for the Minimum Improvements. The City's chief building official and community development director will review and approve all Construction Plans on behalf of the Authority, and for the purposes of this Section the term "Authority" means those named officials. The Construction Plans shall provide for the construction of the Minimum Improvements and shall be in conformity with this Agreement and all applicable State and local laws and regulations. The Authority will approve the Construction Plans in writing or by issuance of a permit if: (i) the Construction Plans conform to all terms and conditions of this Agreement, (ii) the Construction Plans conform to all applicable federal, state and local laws, ordinances, rules and regulations; (iv) the Construction Plans are adequate to provide for construction of the Minimum Improvements; and (v) there is no uncured Event of Default. No approval by the Authority shall relieve Windfall Medical of the obligation to comply with the terms of this Agreement, applicable federal, state and local laws, ordinances, rules and regulations, or to construct the Minimum Improvements in accordance therewith. No approval by the Authority shall constitute a waiver of an Event of Default, or waiver of any State or City building or other code requirements that may apply. Within 30 days after receipt of complete Construction Plans and permit applications for the Minimum Improvements, the Authority will deliver to Windfall Medical an initial review letter describing any comments or changes requested by Authority staff. Thereafter, the parties shall negotiate in good faith regarding final approval of Construction Plans for that building. The Authority's approval shall not be unreasonably withheld or delayed. Said approval shall constitute a conclusive determination that the Construction Plans (and the Minimum Improvements constructed in accordance with said plans) comply to the Authority's satisfaction with the provisions of this Agreement relating thereto.

Windfall Medical hereby waives any and all claims and causes of action whatsoever resulting from the review of the Construction Plans by the Authority and/or any changes in the Construction Plans requested by the Authority, except for any failure by Authority to perform its obligations under this Section. Neither the Authority, the City, nor any employee or official of the Authority or City shall be responsible in any manner whatsoever for any defect in the Construction Plans or in any work done pursuant to the Construction Plans, including changes requested by the Authority.

- b) Construction Plan Changes. If Windfall Medical desires to make any material change in the Construction Plans or any component thereof after their approval by the Authority, then Windfall Medical shall submit the proposed change to the Authority for its approval. If the Construction Plans, as modified by the proposed change, conform to the requirements of this

Section 3.2 of this Agreement with respect to such previously approved Construction Plans, the Authority shall approve the proposed change and notify Windfall Medical in writing of its approval. Such change in the Construction Plans shall, in any event, be deemed approved by the Authority unless rejected, in whole or in part, by written notice by the Authority to Windfall Medical, setting forth in detail the reasons therefor. Such rejection shall be made as soon as reasonably practicable but in any event within 30 days after receipt of the notice of such change. The Authority's approval of any such change in the Construction Plans will not be unreasonably withheld.

Section 3.3. Completion of Construction.

- a) Subject to Unavoidable Delays, the Minimum Improvements must be constructed in accordance with the following schedule: commence construction by October 1, 2012, and complete construction by December 31, 2013. Construction is considered to be commenced upon the beginning of physical improvements beyond final grading of the cleared lot.
- b) All work with respect to the Minimum Improvements to be constructed or provided by Windfall Medical on the Development Property shall be in substantial conformity with the Construction Plans as submitted by Windfall Medical and approved by the Authority. Windfall Medical agrees for itself, its successors and assigns, and every successor in interest to the Development Property, or any part thereof, that Windfall Medical, and such successors and assigns, shall promptly begin and diligently prosecute to completion the redevelopment of the Development Property through the construction of the Minimum Improvements thereon, and that such construction shall in any event be commenced and completed within the period specified in this Section 3.3 of this Agreement. Until construction of the Minimum Improvements has been completed, Windfall Medical shall make reports, in such detail and at such times as may reasonably be requested by the Authority, as to the actual progress of Windfall Medical with respect to such construction.

Section 3.4. Certificate of Completion.

- a) Promptly after substantial completion of the Minimum Improvements in accordance with those provisions of the Agreement relating solely to the obligations of Windfall Medical to construct the Minimum Improvements (including the dates for completion thereof), the Authority will furnish Windfall Medical with a Certificate of Completion in substantially the form attached as Schedule A. Such certification by the Authority shall be a conclusive determination of satisfaction and termination of the agreements and covenants in the Agreement and in any deed with respect to the obligations of Windfall Medical, and its successors and assigns, to construct the Minimum Improvements and the dates for the completion thereof. Such certification and such determination shall not constitute evidence of compliance with or satisfaction of any obligation of Windfall Medical to any Holder of a Mortgage, or any insurer of a Mortgage, securing money loaned to finance the Minimum Improvements, or any part thereof.
- b) The Certificate of Completion provided for in this Section 3.4 of this Agreement shall be in such form as will enable it to be recorded in the proper office for the recordation of deeds and other instruments pertaining to the Development Property. If the Authority shall refuse or fail to provide any certification in accordance with the provisions of this Section 3.4 of this

Agreement, the Authority shall, within thirty (30) days after written request by Windfall Medical, provide Windfall Medical with a written statement, indicating in adequate detail in what respects Windfall Medical has failed to complete the Minimum Improvements in accordance with the provisions of the Agreement, or is otherwise in default, and what measures or acts it will be necessary, in the opinion of the Authority, for Windfall Medical to take or perform in order to obtain such certification.

- c) The construction of the Minimum Improvements will be considered substantially complete when Windfall Medical has received a certificate of occupancy from the City for the Project.

Section 3.5. Cost of Minimum Improvements. The estimated cost of the Minimum Improvements is \$7,386,488.

Section 3.6. Records. The Authority, the Legislative Auditor, and the State Auditor's office, through any authorized representatives, shall have the right after reasonable notice to inspect, examine and copy all books and records of Windfall Medical relating to the construction of the Minimum Improvements. Windfall Medical shall maintain such records and provide such rights of inspection for a period of six years after issuance of the Certificate of Completion for the Minimum Improvements.

ARTICLE 4

Economic Development Assistance

Section 4.1. Grant Amount. The Grant amount is \$400,000.

Section 4.2. Disbursement of Funds. Grant Proceeds will be disbursed upon Windfall Medical meeting all of the following conditions:

- a) Execution of this Agreement;
- b) Receipt of site plan approval from the City Council;
- c) Submission of sworn construction statements and documentation of actual expenditures for building and site demolition, earthwork and utilities. Windfall Medical will also provide an accounting of all costs incurred for the Minimum Improvements after the Project is completed.

Section 4.3. Project Time Frame. Construction of the Minimum Improvements must be completed by December 31, 2013.

Section 4.4. Uses of Funds. Grant Proceeds must be used to offset the cost of demolition and site preparation. The total cost of these improvements is estimated at \$695,980 and is as follows:

Survey	\$9,600.00
Demolition of existing improvements	\$52,500.00
Earthwork / Site Demolition	\$150,000.00
Pond Construction	In above
Replacement of all existing asphalt	\$149,000.00
New concrete curb and gutter	\$51,480.00
Landscaping and irrigation	\$59,000.00
Civil engineering fees for site	\$17,500.00
Civil design pond coordination	\$15,000.00
Soil borings	\$5,000.00
Testing and inspections	\$25,000.00
Soil corrections	\$35,000.00
General contractor fees	\$15,000.00
Removal and relocation of existing utilities	\$65,000.00
Temporary site fence	\$16,500.00
Storm Water Pollution Prevention Permit	\$400.00
General soft costs including insurance, attorney's fees, permits, etc.	\$25,000.00
MPCA approval for site development, including preparation of a DRAP	\$5,000.00
Total estimated cost to improve the property to a "pad ready" condition	\$695,980.00

Section 4.5. Terms of Grant/Business Subsidy Agreement. The Developer is receiving under the terms of this Agreement the grant funds under the following terms:

- a) The subsidy provided to the Developer includes a \$400,000 grant made hereunder which will be used for construction of the Minimum Improvements.
- b) The public purposes and goals of the subsidy are to create jobs in the City and encourage redevelopment of an obsolete site.
- c) Certification of the tax increment district from which the grant funds will be provided occurred prior to June 30, 2012.
- d) The Tenant will relocate at least 45 jobs and create at least 5 new jobs (both of which are full-time equivalent) to 3789 Coon Rapids Boulevard between January 1, 2012 and December 31, 2014.
- e) If the goals are not satisfied, the Developer shall make payment to the City as required by this Agreement.
- f) The Developer agrees that neither it nor its successors or assigns will cause a reduction in the real estate taxes paid by seeking to reduce the taxable value of the property below a minimum market value of \$3,000,000 after January 1, 2014. The agreement not to cause a reduction in real estate taxes will terminate on December 31, 2019.
- g) But for the grant funds under the terms of this agreement, the project would not occur due to the cost of site demolition and preparation.

Section 4.6 Exemption from Business Subsidy Act. The parties agree that disbursement of Grant Proceeds to the Developer under this Agreement represent assistance for a redevelopment project with private investment of 70 percent or more of market value and accordingly is not subject to the Business Subsidy Act.

ARTICLE 5

Prohibitions Against Assignment and Transfer; Indemnification

Section 5.1. Representations as to Redevelopment. The Developer represents and agrees that its purchase of the Development Property, and its other undertakings pursuant to the Agreement, are, and will be used, for the purpose of the redevelopment of the property in accordance with the plans for the minimum improvements and their stated use for offices and not for speculation or land holding.

Section 5.2. Prohibition Against Transfer of Property and Assignment of Agreement. The Developer represents and agrees that until the Termination Date:

(a) Except as specifically described in this Agreement, the Developer has not made or created and will not make or create or suffer to be made or created any total or partial sale, assignment, conveyance, or lease, or any trust or power, or transfer in any other mode or form of or with respect to this Agreement or the Development Property or any part thereof or any interest therein, or any contract or agreement to do any of the same, to any person or entity without the prior written approval of the Authority's Board of Commissioners. The term "transfer" does not include (i) encumbrances made or granted by way of security for, and only for, the purpose of obtaining construction, interim or permanent financing necessary to enable the Developer or any successor in interest to the Development Property or to construct the Minimum Improvements or components thereof; and (ii) any lease, license, easement or similar arrangement entered into in the ordinary course of business related to the operation of the Minimum Improvements or components thereof as an office building consistent with operational plans submitted by Windfall Medical.

(b) If the Developer seeks to effect a transfer, the Authority shall be entitled to require conditions to such Transfer that (i) any proposed transferee shall have the qualifications and financial responsibility, in the reasonable judgment of the Authority, necessary and adequate to fulfill the obligations undertaken in this Agreement by the Developer as to the portion of the property to be transferred and (ii) any proposed transferee, by instrument in writing satisfactory to the Authority and in form recordable in the public land records of Anoka County, Minnesota, shall, for itself and its successors and assigns, and expressly for the benefit of the Authority, have expressly assumed all of the obligations of the Developer under this Agreement as to the portion of the property to be transferred and agreed to be subject to all the conditions and restriction to which the Developer is subject as to such portion. In the absence of specific written agreement by the Authority to the contrary, no such transfer or approval by the Authority thereof shall be deemed to relieve the Developer, or any other party bound in any way by this Agreement or otherwise with respect to the property, from any of its obligations with respect thereto. Any and all instruments and other legal documents involved in effecting the transfer of any interest in this Agreement or the Development Property governed by this Article 5, shall be in a form reasonably satisfactory to the Authority.

(c) If the conditions described in paragraph (b) are satisfied, then the Transfer will be approved and the Developer shall be released from its obligations under this Agreement, as to the portion of the Development Property so transferred, unless the parties mutually agree otherwise. Notwithstanding anything to the contrary herein, any Transfer that releases the Developer from its obligations under this Agreement shall be approved by the Authority's Board of Commissioners. If the Developer remains fully bound by the terms of this Agreement notwithstanding the transfer, as documented in the transfer instrument, the Transfer may be approved by the Authority Representative. The provisions of this paragraph (c) apply to all subsequent transferors.

Section 5.3. Release of Indemnification Covenants.

(a) The Developer releases and covenants and agrees that the Authority and the City and the governing body members, officers, agents, servants and employees thereof shall not be liable for and agrees to indemnify and hold harmless the Authority and the City and the governing body members, officers, agents, servants and employees thereof against any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Minimum Improvements.

(b) Except for willful or negligent misrepresentation, misconduct or negligence of the Indemnified Parties, and except for any breach by any of the Indemnified Parties of their obligations under this Agreement, the Developer agrees to protect and defend the Authority and the City and the governing body member, officers, agents, servants and employees thereof (the Indemnified Parties), now and forever, and further agrees to hold the Indemnified Parties harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, and operation of the Minimum Improvements.

(c) Except for any negligence of the Indemnified Parties and except for any breach by any of the Indemnified Parties of their obligations under this Agreement, the Indemnified Parties shall not be liable for any damage or injury to the persons or property of the Developer or its officers, agents, servants or employees or any other person who may be about the minimum improvements due to any act of negligence of any person.

(d) All covenants, stipulations, promises, agreements and obligations of the Authority contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Authority and not of any governing body member, officer, agent, servant or employee of the Authority in the individual capacity thereof.

ARTICLE 6

Events of Default

Section 6.1. Events of Default Defined. The following shall be “Events of Default” under this Agreement and the term “Event of Default” shall mean, whenever it is used in this Agreement, any one or more of the following events, after the non-defaulting party provides 30 days written notice to the defaulting party of the event, but only if the event has not been cured within said 30 days or, if the event is by its nature incurable within 30 days, the defaulting party does not, within such 30-day period, provide assurances reasonably satisfactory to the party providing notice of default that the event will be cured and will be cured as soon as reasonably possible:

- a) Failure by the Developer or its Assignee, or the Authority to observe or perform any covenant, condition, obligation, or agreement on its part to be observed or performed under this Agreement;
- b) Developer:
 - i) files any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act or under any similar federal or State law;
 - ii) makes an assignment for benefit of its creditors;
 - iii) admits in writing its inability to pay its debts generally as they become due; or is adjudicated as bankrupt or insolvent.

Section 6.2. Remedies on Default.

- a) Whenever any Event of Default referred to in Section 6.1 of this Agreement occurs, the non-defaulting party may exercise its rights under this Section 6.2 after providing thirty days written notice to the defaulting party of the Event of Default, but only if the Event of Default has not been cured within said thirty days or, if the Event of Default is by its nature incurable within thirty days, the defaulting party does not provide assurances reasonably satisfactory to the non-defaulting party that the Event of Default will be cured and will be cured as soon as reasonably possible.
- b) Upon an Event of Default by the Developer, the Authority may (i) demand repayment of the Grant Proceeds and (ii) take whatever action, including legal, equitable or administrative action, which may appear necessary or desirable to collect any payments due under this Agreement, or to enforce performance and observance of any obligation, agreement, or covenant under this Agreement.
- c) If the Minimum Improvements are not completed by December 31, 2013, all Grant Proceeds will be treated as a loan and must be returned to the Authority. The terms of the

loan, if applicable, shall be equal monthly payments over the course of five years with interest at a rate of seven percent per annum. If the Developer fails to satisfy the requirements for job creation and retention described in Section 4.5, \$125,000 of the Grant Proceeds must be returned on a pro rata basis based on the number of jobs actually created compared to the goal of 5 new jobs. For the purposes of this Section, each job is assigned a subsidy value of \$25,000.

Section 6.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority or Windfall Medical is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be required in this Article IX.

Section 6.4. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

ARTICLE 7

Business Subsidy Reporting

Section 7.1. Business Subsidy Reporting. On or before March 1 of each year, the Developer shall provide to the Authority information regarding goals and results for three years after the Benefit Date or until the goals are met, whichever is later. This reporting requirement will expire if the goals are met by the Termination Date. If the goals are not met, the Developer must continue to provide information on the Grant until the Grant is repaid. If the report is not submitted by March 1, the Authority shall mail the Developer a warning within one week of the required filing date. If, after 14 days of the postmarked date of the warning, the Developer fails to provide a report, the Developer must pay to the Authority a penalty of \$100 for each subsequent day until the report is filed. The maximum penalty shall not exceed \$1,000. The Developer shall document the following information in reports to the Authority:

- a) The type, public purpose, and amount of the subsidy;
- b) A statement of goals identified in the subsidy agreement and an update on achievement of those goals;
- c) The location of the recipient prior to receiving the business subsidy;
- d) If the company has a parent corporation, the name and address;
- e) A list of all financial assistance by all grantors for the project; and
- f) Other information the Authority may request.

ARTICLE 8

Additional Provisions

Section 8.1. Conflict of Interests; Authority Representatives Not Individually Liable. The Authority and Windfall Medical, to the best of their respective knowledge, represent and agree that no member, official, or employee of the Authority shall have any personal interest, direct or indirect, in the Agreement, nor shall any such member, official or employee participate in any decision relating to the Agreement which affects a personal interest or the interests of any corporation, partnership, or association in which the member, official or employee is directly or indirectly, interested. No member, official or employee of the Authority shall be personally liable to Windfall Medical, or any successor in interest, in the event of any default or breach by the Authority or for any amount which may become due to Windfall Medical or successor or on any obligations under the terms of the Agreement.

Section 8.2. Equal Employment Opportunity. Windfall Medical, for itself and its successors and assigns, agrees that during the construction of the Minimum Improvements provided for in the Agreement it will comply with all applicable federal, state and local equal employment and nondiscrimination laws and regulations.

Section 8.3. Restrictions on Use. Windfall Medical agrees that until the termination date, Windfall Medical, its successors and assigns, shall devote the Development Property to the operation of the Minimum Improvements for uses described in the definition of such term in this Agreement and as described and proposed by Windfall Medical in seeking permits and approvals for the project, and shall not discriminate upon the basis of race, color, creed, sex or national origin in the sale, lease, or rental or in the use or occupancy of the Development Property or any improvements erected or to be erected thereon, or any part thereof.

Section 8.4. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under the Agreement by either party to the other shall be sufficiently given or delivered if it is served by registered or certified mail, postage prepaid, return receipt requested, overnight mail, or delivered personally.

Section 8.5. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 8.6. Recording. The Authority may record this Agreement and any amendments thereto with the Anoka County Recorder.

Section 8.7. Amendment. This Agreement may be amended only by written agreement approved by the Authority and Windfall Medical.

Section 8.8. Termination. This Agreement terminates on the Termination Date, except that termination of the Agreement does not terminate, limit or affect the rights of any party that arise

before the termination date.

IN WITNESS WHEREOF, the Authority has caused this Agreement to be duly executed in its name and behalf and Windfall Medical has caused this Agreement to be duly executed in its name and behalf as of the date first above written.

**ECONOMIC DEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF COON RAPIDS**

By _____
Tim Howe, Chair

By _____
Denise Klint, Secretary

STATE OF MINNESOTA)
) ss.
COUNTY OF ANOKA)

On this ____ day of _____, before me a Notary Public within and for said County, personally appeared Tim Howe and Denise Klint, the Chair and Secretary for the Economic Development Authority in and for the City of Coon Rapids, a political subdivision under the laws of the State of Minnesota, on behalf of the political subdivision.

Notary Public

WINDFALL MEDICAL, LLC, a Minnesota
Limited Liability Corporation

By _____
Its _____

COUNTY OF ANOKA) ss.
)

Notary Public

By _____
Its _____ Partner

COUNTY OF ANOKA) ss.
)

Notary Public

David J. Brodie
Coon Rapids Acting City Attorney
11155 Robinson Drive
Coon Rapids, Minnesota 55433
(763) 767-6495

FORM OF CERTIFICATE OF COMPLETION

WHEREAS, the Economic Development Authority in and for the City of Coon Rapids, Minnesota, a political subdivision of the State of Minnesota (the "Authority"), entered into a Contract for Private Redevelopment (the "Contract") recorded in the office of the County Recorder or the Registrar of Titles in and for the County of Anoka, State of Minnesota, as Document Number _____ with Windfall Medical LLC, a Minnesota Limited Liability Corporation (the "Developer") related to certain real property described as:

Tract B, Registered Land Survey No. 90, Anoka County, Minnesota

WHEREAS, the Contract contained certain covenants and conditions, the breach of which by the Developer, its successors and assigns, said covenants and restrictions being set forth in the Contract; and

WHEREAS, the Developer has performed said covenants and conditions with respect to the land described above insofar as it is able and in a manner deemed sufficient by the Authority to permit the execution and recording of this Certification.

NOW, THEREFORE, this is to certify that all building construction and other physical improvements specified to be done and made by the Developer have been completed and the above covenants and conditions in the Contract have been performed by the Developer therein, and the County of Anoka, State of Minnesota is hereby authorized to accept for recording and to record this instrument, and the filing of this instrument shall be a conclusive determination of the satisfactory termination of the covenants and conditions of the Contract, the breach of which would result in a return of Grant Proceeds.

Dated: _____

ECONOMIC DEVELOPMENT
AUTHORITY IN AND FOR THE CITY OF COON
RAPIDS

By: _____
Tim Howe, Chair

By: _____
Denise Klint, Secretary

EXHIBIT A